



Rural Business & Cooperative Services
Rural Housing Service
Rural Utilities Service

**Rural
Development**

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November 14, 2003

SUBJECT: Single Family Housing File Oversight

TO: All Single Family Housing Staff
USDA, Rural Development, Washington

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice is to establish a process for oversight of Single Family Housing files to insure loans are processed, underwritten and closed in accordance with regulatory requirements.

COMPARISON WITH PREVIOUS AN:

There is no previous AN on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Area Directors and Rural Development Managers are responsible to insure that loans and grants are processed according to regulatory requirements. Once a loan or grant is closed, HB-1-3550, 8.11, B indicates that a review of the closing documents must be completed by the Loan Approval Official and Form RD 1927-15 "Loan Closing Instructions and Loan Closing Statement" be signed to certify that the loan was closed in accordance with the instructions provided. Therefore, Exhibit A "502/504 Post-Closing Certification" (attached) will be used to accomplish the required review, prior to signing Form 1927-15.

Exhibit A will be completed, within 60 days of closing, for every loan and grant closed. The certification will be completed by an employee other than the loan approval official for the docket under review, to insure separation of duties between approval official and reviewer. If items are incomplete, the Area Director will insure that any necessary corrections are made within 30 days of completion of the review. The completed certification will be retained in Position 1 of the loan docket, on top of the processing checklist. Additionally, a global note will be entered on MortgageServ that the post-closing certification has been completed.

Expiration Date:
11/30/2004

Filing Instructions:
HB-1-3550, Appendix 7

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Complaints of discrimination should be sent to:
USDA, Director, Office of Civil Rights, Washington D.C. 20250-9410

To further insure that loans and grants are processed in accordance with regulations, Exhibit B “502/504 Post-Closing Review Guide” will be used by Area Directors to conduct Single Family Housing Oversight Reviews of closed loans. Reviews may be conducted on a monthly or quarterly basis with completed reviews due in the Single Family Housing Program Division no later than December 31, March 30, June 30 and September 30. At least 10% of each servicing office’s closed loans and grants will be reviewed, with a minimum of 3-502 loans, 3-504 loans and 3-504 grants reviewed per quarter. Reviews will be conducted by an employee other than the loan approval official for the file being reviewed. Files will be selected randomly, using UNIFI reports or the monthly Quarterly Assurance Report (QAR). Task 982 will be sent by the Area Director to request the file for review.

The Area Director will provide the approval official with a summary report of strengths and areas for improvement. Corrective actions should be identified and remedied within 30 days from the date of the review. A global note will be entered on the account in MortgageServ indicating that the review has been completed. The original review guide will be retained in the Area Office in the office oversight operational file with a copy sent to the Single Family Housing Program Division, Attn: Tammy Repine. A copy of the review guide will not be retained in the borrower’s case file.

If you have any questions, please contact the Single Family Housing Program Division.

/s/

JACKIE J. GLEASON
State Director

Attachment: Exhibit A, “502/504 Post-Closing Certification”
Exhibit B, “502/504 Post-Closing Review Guide”